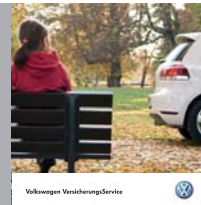


VOLKSWAGEN LEASING

GMBH



Getting things done

The key to mobility.

Nuevo Jetta Bicentenario



Pioneering



Customer-focused



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Volkswagen Leasing GmbH at a glance

in € million	30.06.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007
Leased assets	14,452	13,279	11,949	11,627	10,930
Total assets	15,075	13,965	12,490	12,674	12,712
in € million	1st half-year 2011	1st half-year 2010	1st half-year 2009	1st half-year 2008	1st half-year 2007
Investments in leased assets	4,763	3,735	3,210	3,419	3,119
Income from leasing business	4,853	4,338	4,171	3,643	3,229
In thousands of vehicles	1st half-year 2011	1st half-year 2010	1st half-year 2009	1st half-year 2008	1st half-year 2007
New contracts	240	171	146	151	134
Current contracts	844	779	764	722	684

The leasing business as a financial service requiring prior approval was included in § 1 Para. 1a German Banking Act (Kreditwesengesetz) by means of the 2009 Annual Tax Act. Given its activities, Volkswagen Leasing GmbH is thus subject to both the German Banking Act and the Federal Financial Supervisory Authority (BaFin). The balance sheet and the income statement have been prepared in accordance with the stipulations of the Ordinance on Accounting for Banks (RechKredV). Some of the previous year's figures have been adjusted to reflect the reclassifications that became necessary.

Development of business

GLOBAL ECONOMY

The global economy continued to grow in the reporting period, however at a slower pace in the second quarter. The ramifications of the sovereign debt crisis in parts of Europe, the ongoing tensions in North Africa and the fallout from the natural disasters in Japan dampened economic growth. Whilst the growth momentum in emerging market countries remained strong, the expansion in industrialised countries was moderate.

Western Europe continued to recover at a moderate pace in the first half of 2011. The debt crisis and the debate on its potential consequences for the European monetary system continued to darken the economic horizon. Growth in the Central and Eastern European countries stabilised in the first six months of the year.

The German economy expanded strongly in the reporting period, and the unemployment rate continued to drop. Besides exports, private consumption and demand for capital goods are increasingly becoming the main growth drivers.

FINANCIAL MARKETS

The international financial markets managed in the first six months of the current financial year to avoid a number of disruptive and in part powerful factors. The political unrest in the Middle East and the dramatic consequences of the severe earthquake on the Japanese economy did not have any lingering effects. Doubts about the stability of the euro which were triggered by the debt crisis in Ireland, Portugal and Greece – EU member states all – did not have any appreciable effects at first given the continuously improving economic outlook and solid corporate profits.

By mid-year however, the fragility of the global stock markets exposed the underlying uncertainty surrounding the solidity of leading industrialised countries' sovereign debt, and the lack of clarity as to the situation in Greece had a negative impact on the mood in the financial markets. Growing fears of inflation also contributed to the prevailing uncertainty, given the highly liquid financial system.

The positive development of the German leasing companies carried over from the second half of 2010 and gathered even more pace in the current year. This is primarily due to the increasing willingness to invest shown by German businesses.

AUTOMOBILE MARKETS

In the first six months of 2011, new passenger car registrations were higher year on year worldwide even though the growth momentum weakened slightly in the second quarter. All regions with the exception of Western Europe showed a positive development. The highest increases compared to the previous year were registered in the United States, China and Russia.

In Western Europe the number of newly registered passenger cars was lower year on year in the first six months of 2011. The decline in the passenger car business, which had been expected for some countries, stems mainly from the termination of governmental economic stimulus packages.

In Germany, the number of passenger car registrations between January and June 2011 substantially surpassed the previous year's very low level. This growth was largely fuelled by commercial customers.

OVERALL APPRAISAL OF THE DEVELOPMENT OF BUSINESS

Volkswagen Leasing GmbH continued its positive development in the first six months of 2011 and succeeded in further expanding its strong position as the mobility services provider within the Volkswagen Group. Both its portfolio of current contracts and its total assets continued to grow. The new business volume expanded yet again compared to the strong first half of 2010. Earnings have been positively affected by the ongoing recovery of the used vehicle market, declining risk costs and the fact that refinancing costs are rising more slowly than expected.

But the result from ordinary business activities fell short of the previous year's level, as expected, due to the lower number of lease returns on contracts concluded in 2006 and 2007 for which the option to apply the declining balance method of depreciation was applied.

Volkswagen Leasing GmbH continues to pursue its goal of further exploiting the potential along the automotive value chain. As in recent years, we further intensified the integration of our financial services into the sales activities of the Volkswagen Group brands. The company is also focusing on its national and international activities.

According to a ranking published by Leaseurope, the European Federation of Leasing Company Associations, Volkswagen Leasing GmbH has been Germany's largest leasing company since 2010. Volkswagen Leasing GmbH's new "long-term rental" project fulfils customers' desire for more flexibility at fixed predictable costs. Long-term rentals cover commercial customers' short-term mobility needs and close the gap between short-term rentals and leasing.

The company continues to expand its services business and create additional innovative mobility solutions.

Analysis of the company's business performance and position

RESULTS OF OPERATIONS

The notes on the results of operations concern changes relative to the same period the previous year.

The income from the leasing business in the first six months of 2011 rose by € 0.5 billion to € 4.8 billion year on year. Of this growth, € 0.3 billion is attributable to increased proceeds from the sale of previously leased vehicles and € 0.1 billion to an increase in revenues from current leasing contracts. The larger portfolio of contracts will cause sales to rise in the next years.

Expenses for the leasing business amounted to € 2.3 billion. This figure essentially includes the residual book values and the expenses from service leasing.

Depreciation on leased assets amounted to € 1.7 billion (previous year: € 1.5 billion).

After the noticeable recovery of the financial markets, the refinancing costs of Volkswagen Leasing GmbH decreased despite the larger contract portfolio. The financing of the leasing business gave rise to interest expense of € 176 million (previous year: € 190 million).

The company posted a pre-tax profit of € 356 million (previous year: € 454 million), in particular from the marketing of lease returns related to vehicles added in 2006 and 2007, for which it applied the tax option to use the declining-balance method of depreciation.

ASSETS AND FINANCIAL POSITION

The notes on the assets and financial position concern changes relative to the balance sheet date 31 December 2010.

LENDING BUSINESS

In the first six months of 2011, Volkswagen Leasing GmbH was able to further expand its business activities. The gross

book value of its leased assets rose from € 19.4 billion to € 20.4 billion. The net book value was € 14.5 billion (31.12.2010: € 13.3 billion), an increase of € 1.2 billion or 9.0%.

In the first half of 2011 Volkswagen Leasing GmbH was able to expand its business activities due to the development of the German economy. As at the reporting date, its portfolio of leased vehicles had climbed from 802,000 to 844,000 units. The company's Italian branch in Milan accounts for approximately 20,000 vehicles of this total (previous year: approximately 18,000 vehicles). This inventory increase results from the addition of 240,000 vehicles, compared to disposal of 198,000 vehicles.

DEPOSIT BUSINESS AND BORROWINGS

The company refinances itself largely through loans and funds that Volkswagen Financial Services AG obtains and raises in the capital markets and subsequently passes on to Volkswagen Leasing GmbH. The loan volume of Volkswagen Leasing GmbH is € 4.5 billion (31.12.2010: € 4.9 billion). To finance its leased assets, Volkswagen Leasing GmbH also issued its own debentures amounting to € 3.8 billion (31.12.2010: € 2.3 billion).

In recent years, Volkswagen Leasing GmbH also placed 18 asset-backed securities transactions (ABS transactions) on the market to refinance its lending business. As at the balance sheet date, the volume of future leasing receivables received in advance through the ABS transactions was € 2.8 billion (31.12.2010: € 2.4 billion).

This set of measures ensured the liquidity of Volkswagen Leasing GmbH at all times in the financial year just ended. Volkswagen Leasing GmbH has a stable liquidity base.

Opportunity and risk report

MACROECONOMIC OPPORTUNITIES

The management of Volkswagen Leasing GmbH assumes that both the automobile market on the whole and the market share of the Volkswagen Group will continue to grow in the second half of 2011. Volkswagen Leasing GmbH will participate in this trend through its core business of automotive financial services.

STRATEGIC OPPORTUNITIES

The company will also continue to pursue its strategy of transferring the highly successful German captive business model in fleet leasing to selected foreign markets. Additional opportunities are offered by the development of innovative products that are aligned with customers' changed mobility requirements. The Group's targeted rates of return as well as the sales promotion potential are relevant for making decisions in this connection. Activities in growth areas such as new mobility (long-term rental, car sharing) will be expanded and intensified further.

RISK-BEARING CAPACITY

The analysis of risk-bearing capacity follows the going-concern approach. The findings of the so-called "range of practice", which were published by BaFin in November 2010, provide the basis for detailing the approach in house.

We have been determining financial risk for a confidence level of 90% (previously 99%) based on a one-year horizon since 2011. A fully positive correlation between individual risk types (i.e. assuming a correlation

of 1) is used to that end. This ensures a sufficiently conservative approach for quantifying the financial risk of Volkswagen Leasing GmbH.

The quantified risks are contrasted by the so-called risk cover, which is comprised of several equity and earnings components.

EARNINGS RISKS

Since 2011, Volkswagen Leasing GmbH has been quantifying its earnings risks based on a parametric earnings-at-risk (EaR) model, taking into account the confidence level determined in connection with the calculation of its risk-bearing capacity as well as a one-year forecasting horizon. The relevant income statement items provide the basis for these calculations. The earnings risks are then estimated based on the observed relative deviations from targets for one and by determining the volatilities and interdependency of the individual items for another. Both components are included in the EaR quantification. In addition stress tests specific to risk types are conducted quarterly using historical and hypothetical scenarios.

There were no material changes regarding the other risk types and our risk management methods in the past few months. Insofar, see the disclosures in the "Opportunity and risk report" chapter of the 2010 annual report.

EVENTS AFTER THE BALANCE SHEET DATE

Aside from the events described above, no events of substantial significance occurred after completion of the half-year financial report as at 30 June 2011.

Personnel report

Given the structure of the German legal entities of the Volkswagen Financial Services AG Group, the employees of Volkswagen Financial Services AG work in the respective subsidiaries, among others.

As a result of this structure, 523 employees of Volkswagen Financial Services AG were working in Volkswagen Leasing GmbH's business units at 30 June 2011.

Due to national regulations, the staff employed in the branches in Milan and Verona (Italy) continue to have employment contracts with Volkswagen Leasing GmbH. A total of 66 employees currently work at the two Italian branches.

Anticipated developments

GLOBAL ECONOMY

The global economy continued to grow in the first six months of 2011. We expect this trend to persist in the second half of the year as well, even though the momentum is likely to weaken. In our view, the emerging market countries in Asia and Latin America will continue to offer the greatest potential whilst the industrialised countries will continue to grow at a moderate pace. However, the sovereign debt crisis in many countries, the ongoing debate on the stability of the European monetary system and rising inflation are clouding the economic outlook. There has been an improvement in our ability to assess the natural disasters in Japan and their potential consequences. We thus expect the fallout to be limited even though individual effects cannot be precluded.

FINANCIAL MARKETS

As before, the financial markets are governed by factors disclosed in the company's report on anticipated developments for 2011 and 2012.

Given the anticipated deliveries based on the transactions already concluded, the leasing industry is expected to post considerably stronger growth in 2011.

AUTOMOBILE MARKETS

The trends in the global automobile markets in the year's first three months continued in the second quarter of 2011. On the whole the volume was higher year on year, although individual markets generated different results.

Whilst Germany and France were the only major Western European markets to surpass the respective previous year's level, Poland and Romania were the only Eastern European countries to fall short of the previous year's volume.

We expect developments in the world's automotive markets to remain uneven in the second half of 2011 as well. The debt crisis in some euro zone states and the expiry of the economic stimulus packages will have a negative impact on demand for new vehicles in many Western European countries.

DEVELOPMENT OF VOLKSWAGEN LEASING GMBH

The forecasts in the 2010 annual report regarding our expectations as to car sales, refinancing options as well as macroeconomic conditions with the relevant effects on risk premiums have basically remained unchanged.

The previous year's strong result was due to the expiry of the leasing contracts that had been closed in 2006 and 2007 to which the option of applying the declining balance method of depreciation under German tax law was applied. The negative effect in prior periods was reversed as the given vehicles were disposed of, generating highly positive earnings especially in 2010. Given the substantial decrease in the number of lease returns related to the aforementioned years, this effect will not be as pronounced in 2011.

Overall earnings thus will fall short of the previous year's level.

Balance sheet

of Volkswagen Leasing GmbH, Braunschweig

in € 000	30.06.2011	31.12.2010
Assets		
1. Cash reserve		
Cash in hand	17	1
2. Receivables from financial institutions		
Payable on demand	54,502	1,422
3. Receivables from customers		
Payable on demand	128,370	98,636
4. Shares in affiliated companies	105	105
5. Tangible fixed assets		
a) Leased assets	14,452,378	13,278,793
b) Land and buildings	9,847	10,084
	14,462,225	13,288,877
6. Other assets	330,799	463,578
7. Prepaid expenses	98,855	112,154
Total assets	15,074,873	13,964,773

in € 000	30.06.2011	31.12.2010
Equity and liabilities		
1. Liabilities to financial institutions		
a) Payable on demand	0	49,623
b) With agreed repayment period or period of notice	273,138	251,930
	273,138	301,553
2. Liabilities to customers		
a) Payable on demand	780,300	1,801,592
b) With agreed repayment period or period of notice	5,756,034	5,990,754
	6,536,334	7,792,346
3. Securitised liabilities		
Debentures issued	3,836,642	2,311,930
4. Other liabilities	57,375	58,125
5. Deferred income	3,488,868	2,966,564
6. Deferred tax liabilities	776	776
7. Provisions		
a) Tax provisions	6,093	7,800
b) Other provisions	421,019	304,686
	427,112	312,486
8. Special tax-allowable reserve	1,816	1,869
9. Equity		
a) Subscribed capital	76,004	76,004
b) Capital reserves	142,471	142,471
c) Net retained profits	234,337	649
	452,812	219,124
Total equity and liabilities	15,074,873	13,964,773
Other obligations		
Irrevocable credit commitments	1,603,964	1,267,444

Income statement

of Volkswagen Leasing GmbH, Braunschweig

in € 000	1.1. – 30.06.2011	1.1. – 30.06.2010
1. Income from leasing transactions	4,853,013	4,338,208
2. Expenses from leasing transactions	2,258,598	1,846,589
	2,594,415	2,491,619
3. Interest income from lending and money market transactions	2,621	6,829
4. Interest expense	175,805	190,150
	-173,184	-183,321
5. Commission income	203	206
6. Commission expenses	184,232	146,120
	-184,029	-145,914
7. Net income from financial transactions	2,237,202	2,162,384
8. Other operating income	35,168	24,709
9. Income from the reversal of the special tax-allowable reserve	53	53
10. General administration expenses		
a) Personnel expenses		
aa) Wages and salaries	1,678	1,410
ab) Social security	401	385
	2,079	1,795
b) Other administration expenses	81,896	76,685
	83,975	78,480
11. Depreciation		
a) Depreciation on buildings	236	237
b) Depreciation on leased assets	1,672,921	1,511,155
	1,673,157	1,511,392
12. Other operating expenses	10,229	9,024
13. Depreciation, amortisation and allowances on receivables and additions to provisions in the leasing business	253,337	184,371
14. Income from the reversal of allowances on receivables and reversals of provisions in the leasing business	104,364	49,962
15. Result from ordinary activities	356,089	453,841
16. Taxes on income and earnings	122,401	134,203
17. Net income	233,688	319,638
18. Retained earnings brought forward from previous year	649	649
19 Net retained profits	234,337	320,287

Notes

to the interim financial statements of Volkswagen Leasing GmbH, Braunschweig, as at 30 June 2011

General comments

Volkswagen Leasing GmbH prepared its annual financial statements for the 2010 financial year in accordance with the stipulations of the German Commercial Code (HGB) and the Ordinance on Accounting for Banks (RechKredV). The provisions that have changed as a result of the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz - BilMoG) have been applied; these interim financial statements were prepared accordingly. They were not subjected to a review.

Accounting policies

The same accounting policies that were used in the annual financial statements for 2010 were applied to the preparation of the interim financial statements and the determination of the corresponding amounts for the previous year. A detailed description of these methods is contained in the notes to the annual financial statements of the 2010 annual report.

DEVELOPMENT OF THE FIXED ASSETS OF VOLKSWAGEN LEASING GMBH, BRAUNSCHWEIG, FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2011

in € 000	Net book value 1.1.2011	Additions	Disposals/Other changes	Depreciation	Net book value 30.06.2011
I. Tangible fixed assets					
Land and buildings	10,084	–	–	237	9,847
II. Leased assets					
Vehicles, plant and equipment	13,278,793	4,762,803	3,781,417	–192,199	14,452,378
III. Financial assets					
Shares in affiliated companies	105				105
Total fixed assets	13,288,982	4,762,803	3,781,417	–191,962	14,462,330

THE RECEIVABLES FROM FINANCIAL INSTITUTIONS BREAK DOWN AS FOLLOWS:

in € 000	30.06.2011	31.12.2010
1. Receivables from financial institutions	54,502	1,422
(of which to affiliated companies € 47,640,000; previous year: € 978,000)		
Total	54,502	1,422

THE RECEIVABLES FROM CUSTOMERS BREAK DOWN AS FOLLOWS:

in € 000	30.06.2011	31.12.2010
1. Trade receivables	111,969	89,568
2. Receivables from affiliated companies	8,433	591
(of which trade receivables € 8,433,000; previous year: € 591,000)		
(of which from the shareholder € 5,000; previous year: € 0)		
3. Other receivables	7,968	8,477
Total	128,370	98,636

THE LIABILITIES ARE MADE UP AS FOLLOWS:

in € 000	30.06.2011	31.12.2010
1. Liabilities to financial institutions (of which to affiliated companies € 273,138,000; previous year: € 301,345,000)	273,138	301,553
2. Liabilities to customers (of which to affiliated companies € 5,834,520,000; previous year: € 7,118,325,000) (of which to the shareholder € 4,612,841,000; previous year: € 5,783,448,000) (of which trade receivables € 71,388,000; previous year: € 337,190,000)	6,536,334	7,792,346
3. Securitised liabilities	3,836,642	2,311,930
4. Other liabilities	57,375	58,125
Total	10,703,489	10,463,954

THE INTEREST RESULT IS DIVIDED UP AS FOLLOWS:

€ 000	1.1. – 30.06.2011	1.1. – 30.06.2010
1. Interest income from lending and money market transactions (of which from affiliated companies € 1,513,000; previous year: € 476,000)	2,621	6,829
2. Interest expense (of which to affiliated companies € 85,166,000; previous year: € 77,797,000)	175,805	190,150
Total	-173,184	-183,321

DISTRIBUTION OF INCOME BY REGION:

in € 000			1.1. – 30.06.2011	1.1. – 30.06.2010
	Germany	Italy	Total	Total
1. Income from leasing transactions				
Leases	1,886,309	90,090	1,976,399	1,855,136
Maintenance and service contracts	273,342	1,001	274,343	201,941
Used vehicle sales	2,334,849	31,749	2,366,598	2,071,495
Other	229,493	6,180	235,673	209,636
	4,723,993	129,020	4,853,013	4,338,208
3. Interest income from lending and money market transactions	2,363	258	2,621	6,829
5. Commission income	203		203	206
8. Other operating income	33,337	1,831	35,168	24,709
9. Income from the reversal of the special tax-allowable reserve	53		53	53
14. Income from the write-up of receivables and the reversal of provisions in the leasing business	98,447	5,917	104,364	49,962
Total	4,858,396	137,026	4,995,422	4,419,967

The Board of Management of Volkswagen Leasing GmbH

Lars-Henner Santelmann

Spokesman of the Board of Management
Marketing/Sales Individual Customers

Gerhard Künne

Sales Fleet Customers

Dr. Heidrun Zirfas

Back Office Leasing

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Member of the Board of Management of Volkswagen AG
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Deputy Chairman of the Joint Works Council of Volkswagen Financial Services AG, Volkswagen Bank GmbH and Volkswagen Business Services GmbH

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Michael Riffel

General Secretary of the General Works Council and Group Works Council of Volkswagen AG

Axel Strotbek

Member of the Board of Management

AUDI AG

Finance and Organisation

Responsibility statement of the Board of Management

To the best of our knowledge, the half-year financial statements of Volkswagen Leasing GmbH give a true and fair view of the assets, liabilities, financial position and profit or loss of Volkswagen Leasing GmbH, and the interim report includes a fair review of the development and performance of Volkswagen Leasing GmbH, together with a description of the material opportunities and risks associated with the expected development of Volkswagen Leasing GmbH in the remaining months of the financial year.

Braunschweig, 13 July 2011
The Board of Management



Lars-Henner Santelmann



Gerhard Künne



Dr. Heidrun Zirfas

Note regarding forward-looking statements

This report contains statements concerning the future business development of Volkswagen Leasing GmbH. These statements include, among others, assumptions about the development of the global economy, as well as the financial and automobile markets. Volkswagen Leasing GmbH has made these assumptions on the basis of available information and believes that they can be currently said to offer a realistic picture. These estimates necessarily include certain risks, and actual development may differ from these expectations.

Should actual development therefore deviate from these expectations and assumptions, or should unforeseen events occur that impact the business of Volkswagen Leasing GmbH, then the business development will be accordingly affected.

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Volkswagen Leasing GmbH
Gifhorner Strasse 57
38112 Braunschweig
Germany
Phone +49-531-212 38 88
Fax +49-531-212 35 31
info@vwfs.com
www.vwfs.com

INVESTOR RELATIONS

Phone +49-531-212 30 71

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You will find the half-year financial report 2011 at www.vwfs.com/hy11.

This half-year financial report is also available in German.

We apologise to our readers for using the masculine grammatical form solely for purposes of linguistic convenience.

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Volkswagen Bank

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VOLKSWAGEN LEASING GMBH

Gifhorner Strasse 57 · 38112 Braunschweig · Germany · Phone +49-531-212 38 88 · Fax +49-531-212 35 31

info@vwfs.com · www.vwfs.com

Investor Relations: Phone +49-531-212 30 71